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SENSITIVE

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STATE FOR EUR/UMB
STATE PASS OPIC FOR ELENA GONZALEZ

E.O. 12958: N/A
TAGS: EINV MD
SUBJECT: MOLDOVA: APPLICATION FOR OPIC FINANCE

REF: STATE 44466

SENSITIVE BUT UNCLASSIFIED; PLEASE PROTECT ACCORDINGLY.

¶1. (SBU) The Western NIS Enterprise Fund (WNISEF), established by the U.S. Congress, is well and favorably known to the Embassy. FinComBank, a leading universal bank, has 14 branches and 35 offices in Moldova, and over 74,000 clients. WNISEF acquired 25 percent of FinComBank in late 2007. In terms of assets, FinComBank is the eighth largest commercial bank in Moldova. The Moldovan banking sector continues to develop, attracting much-needed foreign investment. The National Bank's legal framework for banking supervision was revised and improved in 2007.

¶2. (SBU) FinComBank has signed lending agreements with the World Bank Small and Medium Sized Enterprise Credit Line, the USAID Program of Micro-enterprise and Small Business Development, the International Finance Corporation and the European Fund for Southeast Europe (EFSE). As part of the USAID program, FinComBank obtained a loan portfolio guarantee of USD 4 million, which expires in 2010. According to USAID's local office, the bank has been very successful in providing loans under the program and has the highest utilization rate. In November 2007, the bank received a USD 5 million micro- and small-enterprise loan from the EFSE.

¶3. (SBU) Post has no specific credible derogatory information regarding FinComBank's operations or its shareholders. We have met with Victor Khvorostovsky, Director of the Managing Board, but have not met Chairman of the Board of Directors Oleg Voronin. Rumors abound in the capital city of Chisinau about Oleg Voronin (the son of current Moldovan President Vladimir Voronin), the means by which he obtained his fortune, and his business practices.

¶4. (SBU) Oleg Voronin is believed to be one of the wealthiest men in Moldova, owning or controlling various economic interests. Political influence is thought to have played a role in the Government of Moldova's decision to do some of its banking with FinComBank. Allegations of corruption are unsubstantiated, and some accusations could be dismissed as politically motivated. Because of his father and ties to the Moldovan Government, Oleg Voronin is a "politically exposed person." National elections are scheduled for 2009, and support for the ruling Communist Party of Moldova has been declining since local elections in 2007. If elected, opposition forces would have a less-than-favorable attitude towards the former ruling party and its associates.

¶5. (SBU) Embassy POC is Economic Officer Ernest Abisellan, telephone: (373) 22-40-8482 and e-mail: AbisellanEJ@state.gov.

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